

COMMONWEALTH OF KENTUCKY
BEFORE THE ENERGY REGULATORY COMMISSION

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In the Matter of:

THE NOTICE OF PURCHASED GAS)	
ADJUSTMENT FILING OF PAN)	CASE NO. 6728-E
BOWL GAS COMPANY)	

O R D E R

On June 20, 1977, the Commission issued its Final Order in Case No. 6728 approving certain rates and providing under certain conditions for the further adjustment of such rates when the wholesale cost of gas is increased or decreased.

On November 9, 1978, the President of the United States signed into law the Natural Gas Policy Act of 1978, which established significantly higher rates for producers of certain categories of natural gas. This federal legislation allows producers, after proper application, to classify certain gas wells as "stripper" wells and increase the cost of the gas produced. Once the Federal Energy Regulatory Commission, (FERC), classifies the producer's well as a "stripper" well and the producer increases the cost of gas to the distribution Company, state Commissions must, in turn, allow the distributors to pass their increased costs on to their customers by adjusting the basic rates.

On September 20, 1979, the Applicant, Pan Bowl Gas Company, (Pan Bowl), notified the Commission that its wholesale cost of gas would be increased by two of its suppliers, Capital Producing Company (Capital), effective July 1, 1979, and Pan Bowl Production Company (Production), effective January 1, 1980. The notice set out certain adjustments which the Applicant proposed to place in effect with gas supplied on and after Order from this Commission. The adjustments are designed to pass on to its customers an increase in the in the amount of \$1,651 per year or \$0.0137 per MCF based on estimated gas purchases for twelve (12) months ending June 31, 1979.

On November 5, 1979, the Applicant gave notice to the Commission that the rates sought in its application would become effective and placed in effect twenty (20) days within receipt of

the notice. The Commission, in an Order dated November 14, 1979, found that further investigation into this matter was necessary and, therefore suspended the rates for a period of five (5) months from and after the 25th day of November, 1979.

After reviewing this evidence of record and being advised, the Commission is of the opinion and finds:

1. That the gas wells belonging to the Applicant's suppliers, Capital and Production, have been classified as "stripper" wells by the FERC and that Capital and Production have increased the wholesale cost of gas and said increases became effective September 1, 1979, and January 1, 1980, respectively.

2. That two of the Applicant's suppliers, Capital and Production have increased the wholesale cost of gas and said increase became effective July 1, 1979, and January 1, 1980, respectively.

3. That the Applicant's adjustment in rates under the Purchased Gas Adjustment Clause approved by the Commission in its Order in Case No. 6728 dated June 20, 1977, are fair, just and reasonable and in the public interest and should be allowed to be effective with gas supplied on and after the date the increased cost of wholesale gas becomes effective.

IT IS THEREFORE ORDERED that the rates including the proposed Purchased Gas Adjustment sought by the Applicant be and the same are hereby approved to be effective with gas billed on and after the date the increased cost of wholesale gas becomes effective, as set out in Appendix "A" attached hereto and made a part hereof.

IT IS FURTHER ORDERED that for the purpose of the future application of the Purchased Gas Adjustment Clause of Applicant the Base Rate for purchased gas shall be:

	<u>Demand</u>	<u>Commodity</u>
Capital Producing Company	-	\$2.60
Penn-Scott Corporation	-	1.68
Pan Bowl Production		1.750
Edna Smith		2.452
All Other Wells		

IT IS FURTHER ORDERED that the information furnished this Commission by the Applicant constitutes full compliance with the Commission's Order in Case No. 6728 and any other information ordinarily required to be filed under the Commission's Rules is hereby waived.

IT IS FURTHER ORDERED that within thirty (30) days after the date of the Order, Applicant shall file with this Commission its revised tariff sheets setting out the rates approved herein.

Done at Frankfort, Kentucky, this 19th day of May, 1980.

ENERGY REGULATORY COMMISSION



For the Commission

ATTEST:

Secretary

APPENDIX "A"

APPENDIX TO AN ORDER OF THE ENERGY REGULATORY
COMMISSION IN CASE NO. 6728-E DATED MAY 19, 1980

The following rates are prescribed for the customers in the area served by Pan Bowl Gas Company. All other rates and charges not specifically mentioned herein shall remain the same as those in effect under authority of the Commission prior to the date of this Order.

Rates: Monthly

First	1,000 cu. ft.	\$4.42 Minimum Bill
Next	2,000 cu. ft.	2.57 per MCF
Next	5,000 cu. ft.	2.53 per MCF
Next	12,000 cu. ft.	2.49 per MCF
Over	20,000 cu. ft.	2.45 per MCF

Eltra Manufacturing Company

All Gas	\$2.25 per MCF
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